

AMENDED IN ASSEMBLY MAY 15, 2014

AMENDED IN ASSEMBLY APRIL 29, 2014

AMENDED IN ASSEMBLY MARCH 28, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2546**

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**Introduced by Assembly Member Salas**

February 21, 2014

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An act to add Chapter 5.5 (commencing with Section 101852) to Part 4 of Division 101 of the Health and Safety Code, relating to public health.

LEGISLATIVE COUNSEL'S DIGEST

AB 2546, as amended, Salas. Kern County Hospital Authority.

Existing law authorizes the board of supervisors of certain counties to establish a hospital authority for the management, administration, and control of certain medical facilities.

This bill would authorize the board of supervisors of the County of Kern to establish, by ordinance, the Kern County Hospital Authority to manage, administer, and control the Kern Medical Center and other health care facilities, as defined. The bill would prohibit establishing the hospital authority until the medical center affiliates or consolidates with at least one other health care facility, as specified. The bill would grant to the authority the duties, privileges, immunities, rights, liabilities, and limitations of a local unit of government within the state. The bill would specify that the transfer to the authority of the management, administration, and control of the medical center and another health facility does not affect the eligibility of the county or the governing board of another health care facility for, but authorizes the authority to

participate in and receive, various sources of funding, as specified, including various Medi-Cal programs.

This bill would provide various protections for the benefits of the permanent employees of the medical center, subject to certain conditions, and would authorize the authority to contract with the Public Employees' Retirement System, as specified.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. Chapter 5.5 (commencing with Section 101852)  
2     is added to Part 4 of Division 101 of the Health and Safety Code,  
3     to read:

4  
5             CHAPTER 5.5. KERN COUNTY HOSPITAL AUTHORITY

6  
7                     Article 1. General Provisions

8  
9     101852. (a) This chapter shall be known and may be cited as  
10    the Kern County Hospital Authority Act.

11    (b) The Legislature finds and declares all of the following:

12    (1) Kern Medical Center, currently a constituent department of  
13    the County of Kern, is a designated public hospital, as defined in  
14    subdivision (d) of Section 14166.1 of the Welfare and Institutions  
15    Code, and a critical component of the state's health care safety  
16    net.

17    (2) Because there is no general law under which this public  
18    hospital authority could be formed for these purposes, the adoption  
19    of a special act and formation of a special authority by the  
20    Legislature are required.

21    101852.1. For purposes of this chapter, the following  
22    definitions shall apply:

23    (a) "Authority" means the Kern County Hospital Authority  
24    established pursuant to this chapter.

25    (b) "Board of supervisors" means the Board of Supervisors of  
26    the County of Kern.

27    (c) "Board of trustees" means the governing body of the  
28    authority.

29    (d) "County" means the County of Kern.

1 (e) “Governing board” means the governing body of any other  
2 health care facility, as defined in subdivision (g).

3 (f) “Medical center” means the Kern Medical Center and related  
4 public health care programs, facilities, care organizations, and  
5 delivery systems that exist or are established by the board of  
6 trustees.

7 (g) “Other health care facility” or “other health care facilities”  
8 means one or more health care facilities, districts, or systems in  
9 the County of Kern, including, but not limited to, general acute  
10 care hospitals, public hospital districts, and related health care  
11 programs, facilities, care organizations, and delivery systems, but  
12 does not include the medical center.

13  
14 Article 2. Establishment of the Kern County Hospital Authority  
15

16 101852.2. (a) Pursuant to this chapter, the board of supervisors  
17 may establish, subject to the limitations of paragraph (1) of  
18 subdivision (c), the Kern County Hospital Authority, which is, for  
19 all purposes, a public entity separate and apart from the county  
20 and any other public entity. The authority established pursuant to  
21 this chapter shall file the statement required by Section 53051 of  
22 the Government Code, and is a public entity for purposes of  
23 Division 3.6 (commencing with Section 810) of Title 1 of the  
24 Government Code.

25 (b) (1) The purpose of the authority shall be to do all of the  
26 following:

27 (A) Provide management, administration, and other controls,  
28 consistent with this chapter, for the medical center to continue to  
29 serve as a designated public hospital and ensure the viability of  
30 the health care safety net in the county in a manner consistent with  
31 the county’s requirements under Section 17000 of the Welfare and  
32 Institutions Code.

33 (B) Provide management, administration, and other controls for  
34 the continued operation of one or more other health care facilities  
35 that may be affiliated or consolidated with the medical center  
36 pursuant to this chapter.

37 (2) Subject to the requirements of this chapter, the authority  
38 shall be charged with the management, administration, and control  
39 of the medical center, other health care facilities, and related  
40 services and facilities.

(c) (1) Except as specifically set forth in this chapter, the authority shall not be established, transact business, exercise powers, or undertake duties and responsibilities pursuant to this chapter until an agreement is reached to affiliate or consolidate the medical center with at least one other health care facility as set forth in this subdivision. In order for the authority to be established, transact any business, exercise its powers, or undertake its duties and responsibilities, the board of supervisors and at least one governing board shall reach agreement, on terms and conditions satisfactory to the parties, regarding the affiliation or consolidation. This agreement may include, but is not limited to, a transfer of the following:

(A) Real and personal property and assets and liabilities from the county and the other health care facility to the authority.

(B) Employees from the county and the other health care facility to the authority.

(C) Maintenance, operation, and management or ownership of the medical center, in accordance with Section 14000.2 of the Welfare and Institutions Code.

(D) Maintenance, operation, and management or ownership of the other health care facility.

(E) Other matters that the board of supervisors and the governing board deem necessary or appropriate.

(2) If the board of supervisors and the governing board reach an agreement on the matters set forth in this subdivision, the terms and conditions of the agreement shall be binding upon the authority. After the agreement is reached, the board of supervisors shall adopt an ordinance to establish the authority and authorize the authority to exercise the powers and duties pursuant to this chapter, and the board of supervisors and the governing board shall appoint a board of trustees as set forth in Section 101852.4. The agreement set forth in this section may be amended from time to time upon the mutual consent of the authority and the governing board or the board of supervisors, or both, as appropriate.

(3) (A) The agreement shall provide that upon the effective date of the ordinance described in paragraph (2), the authority shall ~~take any actions necessary so that the county has no continuing financial obligation or responsibility with respect to the authority or its operations.~~ *do all of the following:*

1     (i) Take title to all assets associated with the medical center;  
2 including, but not limited to, all real and personal property, funded  
3 pension assets, and accounts receivable.

4     (ii) Assume, or immediately extinguish, defense, or satisfy, all  
5 obligations and liabilities directly or indirectly associated with  
6 the medical center, including, but not limited to, related or  
7 associated debt, accounts payable, accrued liabilities, unfunded  
8 pension liabilities, or financial or contractual obligations of any  
9 kind.

10    (iii) Take any other actions necessary so that the continuing  
11 financial obligation or responsibility with respect to the authority  
12 or its operations is not disrupted.

13    (B) The authority's funds shall not remain or be kept on deposit  
14 with the county, or otherwise be in the custody or control of the  
15 county, and the authority shall not be permitted to deposit funds  
16 with the county, including within the county's treasury investment  
17 pool.

18    (d) An agreement concerning the transfer of personnel shall  
19 include a transition plan that requires all the following:

20     (1) Ongoing communication to employees and recognized  
21 employee organizations regarding the impact of the transition on  
22 existing medical center and other health care facility employees  
23 and employee classifications.

24     (2) Meeting and conferring by the county and the other health  
25 care facility with affected employee bargaining units on both of  
26 the following issues:

27       (A) A timeframe for which the transfer of personnel shall occur.

28       (B) A specified period of time during which employees of the  
29 county affected by the establishment of the authority may elect to  
30 be considered for appointment to vacant positions, and exercise  
31 reinstatement rights, for which they are qualified and eligible. An  
32 employee who first elects to remain with the county, but who  
33 subsequently seeks employment with the authority within 30 days  
34 of this election, shall be subject to the requirements of this article.

35     (3) Acknowledgment that the authority, to the extent permitted  
36 by federal law, shall be bound by the terms of any memoranda of  
37 understanding executed between the county and its exclusive  
38 employee representatives that is or will be in effect as of the date  
39 the county adopts the ordinance pursuant to this article. Subsequent

1 memoranda of understanding are subject to approval only by the  
2 authority.

3 (e) (1) Notwithstanding any other provision of this chapter, and  
4 whether or not accompanied by a change in licensing, an agreement  
5 for the maintenance, operation, and management or ownership of  
6 the medical center does not relieve the county of the ultimate  
7 responsibility for indigent care pursuant to Section 14000.2 of the  
8 Welfare and Institutions Code.

9 (2) An agreement for the maintenance, operation, and  
10 management or ownership of the medical center shall conform to  
11 the following requirements:

12 (A) Shall comply with Section 14000.2 of the Welfare and  
13 Institutions Code.

14 (B) May be made upon the terms and conditions that the board  
15 of supervisors and governing board may mutually agree, including  
16 those terms and conditions found necessary by the board of  
17 supervisors to ensure that the transfer of the medical center shall  
18 constitute an ongoing benefit to the county and its residents.

19 (C) Shall provide that the county shall ensure that any applicable  
20 requirements of Section 1442.5 are met.

21 (3) An agreement for the maintenance, operation, and  
22 management or ownership of the other health care facility may be  
23 made upon the terms and conditions that the board of supervisors  
24 and the governing board may mutually agree, including those terms  
25 and conditions found necessary by the governing board to ensure  
26 that the transfer shall constitute an ongoing benefit to the other  
27 health care facility and its constituents.

28 (f) The authority is not subject to the jurisdiction of a local  
29 agency formation commission pursuant to the  
30 Cortese-Knox-Hertzberg Local Government Reorganization Act  
31 of 2000 (Division 3 (commencing with Section 56000) of Title 5  
32 of the Government Code), or any successor statute.

33 101852.3. Upon an agreement between the authority and each  
34 affected employee bargaining unit:

35 (a) Permanent employees of the medical center on the effective  
36 date of affiliation shall be deemed qualified for employment or  
37 retention and no other qualifications shall be required. Probationary  
38 employees on the effective date of affiliation shall retain their  
39 probationary status and rights and shall not be deemed to have  
40 transferred so as to require serving a new probationary period.

1 (b) Employment seniority of an employee of the medical center  
2 on the effective date of affiliation shall be counted toward seniority  
3 in the authority. The authority shall provide for the maintenance  
4 of benefits that accompany seniority, including, but not limited to,  
5 preference in vacations and scheduling, when applicable. All time  
6 served in the same, equivalent, or higher classification shall be  
7 counted toward classification seniority.

8 (c) The implementation of this chapter shall not be a cause for  
9 the modification of the level of medical center employment  
10 benefits. Upon consolidation or affiliation of the medical center  
11 with at least one other health care facility, employees who serve  
12 or work for the medical center immediately prior to the  
13 implementation of this chapter shall retain their existing or  
14 equivalent classifications and job descriptions upon transfer to the  
15 authority, comparable pension benefits, and at least their existing  
16 salaries and other benefits that include, but are not limited to,  
17 accrued and unused vacation, sick leave, personal leave, health  
18 care, retiree health benefits, and deferred compensation plans.

19 (d) To the extent permitted by federal law, the authority may  
20 contract with the Public Employees' Retirement System, consistent  
21 with the requirements of Section 20508 and other applicable  
22 provisions of Part 3 (commencing with Section 20000) of Division  
23 5 of Title 2 of the Government Code, for the purpose of providing  
24 membership in the Public Employees' Retirement System for  
25 authority employees. If the authority contracts with the Public  
26 Employees' Retirement System, the authority, to the extent  
27 permitted by federal law, shall provide for the continued  
28 membership of medical center employees in the Public Employees'  
29 Retirement System. If permitted under federal law, the authority  
30 and the employees' exclusive representatives may mutually agree  
31 to terminate any contract that the authority enters into with the  
32 Public Employees' Retirement System, and mutually agree to an  
33 alternative pension plan.

34 (e) *Transfer of functions from county employee classifications*  
35 *to authority employees established pursuant to this article shall*  
36 *result in the recognition by the hospital authority of the exclusive*  
37 *representative of the classifications performing those functions at*  
38 *the time of transfer.*

39 (f) *In order to stabilize labor and employment relations and*  
40 *provide continuity of care and services to the people of the county,*

1 *and notwithstanding any other law, the authority shall do both of*  
2 *the following for 24 months after the term end date of a medical*  
3 *center memorandum of understanding in existence when the county*  
4 *establishes the authority:*

5 *(1) Continue to recognize each exclusive representative of each*  
6 *bargaining unit.*

7 *(2) Roll over and continue to be bound by any existing medical*  
8 *center memorandum of understanding or agreement covering the*  
9 *terms and conditions of employment.*

10 ~~(e)~~

11 *(g) Except as provided in the transfer agreement described in*  
12 *subdivision (d) of Section 101852.2, subdivision (m) of Section*  
13 *101852.5, and this section, this chapter does not prohibit the*  
14 *authority from determining the number of employees, the number*  
15 *of full-time equivalent positions, job descriptions, the nature and*  
16 *extent of classified employment positions, and salaries of*  
17 *employees.*

18  
19 Article 3. Board of Trustees  
20

21 101852.4. (a) The authority shall be governed by a board of  
22 trustees. The trustees shall reflect both the expertise necessary to  
23 maximize the quality and scope of care at the medical center and  
24 the other health care facility in a fiscally responsible manner and  
25 the communities of interest that the medical center and the other  
26 health care facility serve. The board of trustees shall have the  
27 responsibility to operate the medical center and the other health  
28 care facility in a manner that ensures the provision of appropriate,  
29 quality, and cost-effective medical care through the development  
30 of innovative delivery systems, care arrangements, and contractual  
31 agreements that provide access to affordable, high-quality health  
32 care services.

33 (b) (1) The board of trustees shall consist of the following nine  
34 members:

35 (A) Three trustees appointed for two-year terms, of which the  
36 governing board shall appoint two and the board of supervisors  
37 shall appoint one.

38 (B) Three trustees appointed for three-year terms, of which the  
39 governing board shall appoint one and the board of supervisors  
40 shall appoint two.



1 (C) Three trustees appointed for four-year terms, of which the  
2 governing board shall appoint one and the board of supervisors  
3 shall appoint two.

4 (2) After the board of trustees is appointed, the governing board  
5 and board of supervisors shall continue to make appointments to  
6 those trustee positions for which they each made initial  
7 appointments. The board of supervisors and the governing board  
8 may each remove their respective appointees, upon a majority  
9 vote, only for good cause. If the governing board ceases to exist  
10 at any time, the appointing authority set forth in this subdivision  
11 shall be exercised solely by the board of supervisors. If a vacancy  
12 exists for any reason on the board of trustees, the appointing  
13 authority for that trustee shall make an appointment to fill out the  
14 remainder of the term of the vacant trustee position.

15 (3) Notwithstanding paragraphs (1) and (2), either during or  
16 after the formation of the authority, the board of supervisors and  
17 each governing board that has appointing authority may modify  
18 the number, length of terms, and appointing authority of the board  
19 of trustees by means of the agreement entered into pursuant to  
20 subdivision (c) of Section 101852.2 or amendment to the  
21 agreement, or both, by the county and the governing board that  
22 participated in the formation of the authority, if in existence after  
23 this formation, and the governing board of any other health care  
24 facility that becomes affiliated or merged with the authority, if the  
25 following conditions are met:

26 (A) The board of trustees consists of at least five members.

27 (B) The board of trustees includes appointees of the board of  
28 supervisors and each existing governing board. If no governing  
29 board exists, the board of trustees and the board of supervisors,  
30 acting as the appointing authority pursuant to paragraph (2), may  
31 agree to modify the number or length of terms of the board of  
32 trustees.

33 (c) The board of trustees shall adopt bylaws for the authority  
34 that, among other things, shall specify the officers of the board of  
35 trustees, the time, place, and conduct of meetings, and other matters  
36 that the board of trustees deems necessary or appropriate to conduct  
37 the authority's activities. The bylaws shall be operative upon  
38 approval by a majority vote of the board of trustees, but may be  
39 amended, from time to time, by a majority vote of the board of  
40 trustees.

1 (d) The board of trustees created and appointed pursuant to this  
2 chapter is a duly constituted governing body of a general acute  
3 care hospital.

4  
5 Article 4. Powers and Duties of the Authority  
6

7 101852.5. (a) The authority, in addition to any other powers  
8 granted to the authority pursuant to this chapter, shall have the  
9 following powers:

10 (1) To have the duties, privileges, immunities, rights, liabilities,  
11 and limitations of a local unit of government within the state.

12 (2) To have perpetual existence.

13 (3) To adopt, have, and use a seal, and to alter it at its pleasure.

14 (4) To sue and be sued in the name of the authority in all actions  
15 and proceedings in all courts and tribunals of competent  
16 jurisdiction.

17 (5) To purchase, lease, trade, exchange, or otherwise acquire,  
18 maintain, hold, improve, mortgage, lease, sell, and dispose of real  
19 and personal property of any kind necessary or convenient to  
20 perform its functions and fully exercise its powers.

21 (6) To appoint and employ a chief executive officer and other  
22 officers and employees that may be necessary or appropriate,  
23 including legal counsel, to establish their compensation, provide  
24 for their health, retirement, and other employment benefits, and  
25 to define the power and duties of officers and employees.

26 (7) To pursue its own credit rating.

27 (8) To enter into a contract or agreement consistent with this  
28 chapter or the laws of this state, and to authorize the chief executive  
29 officer to enter into contracts, execute all instruments, and do all  
30 things necessary or convenient in the exercise of the powers granted  
31 in this chapter.

32 (9) To purchase supplies, equipment, materials, property, and  
33 services.

34 (10) To establish policies relating to its purposes.

35 (11) To acquire or contract to acquire, rights-of-way, easements,  
36 privileges, and property, and to construct, equip, maintain, and  
37 operate any and all works or improvements wherever located that  
38 are necessary, convenient, or proper to carry out any of the  
39 provisions, objects, or purposes of this chapter, and to complete,

1 extend, add to, repair, or otherwise improve any works or  
2 improvements acquired by it.

3 (12) To contract for and to accept gifts, grants, and loans of  
4 funds, property, or other aid in any form from the federal  
5 government, the state, a state agency, or other source, or  
6 combination thereof, and to comply, subject to this chapter, with  
7 the terms and conditions thereof.

8 (13) To invest surplus money in its own treasury, manage  
9 investments, and engage third-party investment managers, in  
10 accordance with state law.

11 (14) To arrange for guarantees or insurance of its bonds, notes,  
12 or other obligations by the federal or state government or by a  
13 private insurer, and to pay the premiums thereof.

14 (15) To engage in managed care contracting, joint ventures,  
15 affiliations with other health care facilities, other health care  
16 providers and payers, management agreements, or to participate  
17 in alliances, purchasing consortia, health insurance pools,  
18 accountable care organizations, alternative delivery systems, or  
19 other cooperative arrangements, with any public or private entity.

20 (16) To enter into joint powers agreements pursuant to Chapter  
21 5 (commencing with Section 6500) of Division 7 of Title 1 of the  
22 Government Code.

23 (17) To establish nonprofit, for profit, or other entities necessary  
24 to carry out the duties of the authority.

25 (18) To elect to transfer funds to the state and incur certified  
26 public expenditures in support of the Medi-Cal program and other  
27 programs for which federal financial participation is available.

28 (19) To use a computerized management information system,  
29 including an electronic health records system, in connection with  
30 the administration of its facilities.

31 (20) To contract with the county for the provision of indigent  
32 care services on behalf of the county. The contract shall specify  
33 that county policies consistent with the county's obligations under  
34 Section 17000 of the Welfare and Institutions Code shall be  
35 applicable. Notwithstanding any other provision of this chapter,  
36 the authority shall not undertake any of the county's obligations  
37 under Section 17000 of the Welfare and Institutions Code, nor  
38 shall the authority have an entitlement to receive any revenue for  
39 the discharge of the county's obligations, without a written  
40 agreement with the county.

1 (21) To engage in other activities that may be in the best interests  
2 of the authority and the persons served by the authority, as  
3 determined by the board of trustees, in order to respond to changes  
4 in the health care industry.

5 (b) The authority shall conform to the following requirements:

6 (1) Be a government entity separate and apart for all purposes  
7 from the county and any other public entity, and shall not be  
8 considered to be an agency, division, or department of the county  
9 or any other public entity. The authority shall not be governed by,  
10 or subject to, the policies or operational rules of the county or any  
11 other public entity.

12 (2) Be subject to state and federal taxation laws that are  
13 applicable to public entities generally, except that the authority  
14 may, to the extent permitted by federal law, apply for an exemption  
15 from social security taxation if there is a mutual agreement with  
16 the exclusive representatives of the affected employees.

17 (3) Comply with the Meyers-Milias-Brown Act (Chapter 10  
18 (commencing with Section 3500) of Division 4 of Title 1 of the  
19 Government Code), the Public Records Act (Chapter 3.5  
20 (commencing with Section 6250) of Division 7 of Title 1 of the  
21 Government Code), and the Ralph M. Brown Act (Chapter 10  
22 (commencing with Section 3500) of Division 4 of Title 1 of the  
23 Government Code).

24 (4) Carry professional and general liability insurance or  
25 programs to the extent sufficient to cover its activities.

26 (5) Comply with the requirements of Sections 53260 and 53261  
27 of the Government Code.

28 (6) Meet all local, state, and federal data reporting requirements.

29 (c) Open sessions of the authority shall constitute official  
30 proceedings authorized by law within the meaning of Section 47  
31 of the Civil Code. The privileges set forth in that section with  
32 respect to official proceedings shall apply to open sessions of the  
33 authority.

34 (d) The authority shall be a public agency for purposes of  
35 eligibility with respect to grants and other funding and loan  
36 guarantee programs. Contributions to the authority shall be tax  
37 deductible to the extent permitted by state and federal law.  
38 Nonproprietary income of the authority shall be exempt from state  
39 income taxation.

1 (e) The authority shall not be a “person” subject to suit under  
2 the Cartwright Act (Chapter 2 (commencing with Section 16700)  
3 of Part 2 of Division 7 of the Business and Professions Code).

4 (f) The statutory authority of a board of supervisors to prescribe  
5 rules that authorize a county hospital to integrate its services with  
6 those of other providers into a system of community service that  
7 offers free choice of hospitals to those requiring hospital care, as  
8 set forth in Section 14000.2 of the Welfare and Institutions Code,  
9 shall apply to the authority and the board of trustees.

10 (g) Unless otherwise agreed to by the authority and the board  
11 of supervisors, or the authority and a governing board, an obligation  
12 of the authority, statutory, contractual, or otherwise, shall be the  
13 obligation solely of the authority and shall not be the obligation  
14 of the county or any other entity, and any contract executed by  
15 and between the county and the authority, or any other entity and  
16 the authority, shall contain a provision that liabilities or obligations  
17 of the authority with respect to its activities pursuant to the contract  
18 shall be the liabilities or obligations of the authority and shall not  
19 be or become the liabilities or obligations of the county or the other  
20 entity, respectively.

21 (h) An obligation of the authority, statutory, contractual, or  
22 otherwise, shall be the obligation solely of the authority and shall  
23 not be the obligation of the state.

24 (i) In the event of a change of license ownership, the board of  
25 trustees shall comply with the obligations of governing bodies of  
26 general acute care hospitals generally as set forth in Section 70701  
27 of Title 22 of the California Code of Regulations, as currently  
28 written or subsequently amended, as well as the terms and  
29 conditions of the license. The authority shall be the responsible  
30 party with respect to compliance with these obligations, terms,  
31 and conditions.

32 (j) (1) Provisions of the Evidence Code, the Government Code,  
33 including the Public Records Act (Chapter 3.5 (commencing with  
34 Section 6250) of Division 7 of Title 1 of the Government Code),  
35 the Civil Code, the Business and Professions Code, and other  
36 applicable law pertaining to the confidentiality of peer review  
37 activities of peer review bodies shall apply to the peer review  
38 activities of the authority. Peer review proceedings shall constitute  
39 an official proceeding authorized by law within the meaning of  
40 Section 47 of the Civil Code and those privileges set forth in that

1 section with respect to official proceedings shall apply to peer  
2 review proceedings of the authority. If the authority is required by  
3 law or contractual obligation to submit to the state or federal  
4 government peer review information or information relevant to  
5 the credentialing of a participating provider, that submission shall  
6 not constitute a waiver of confidentiality. The laws pertaining to  
7 the confidentiality of peer review activities shall be together  
8 construed as extending, to the extent permitted by law, the  
9 maximum degree of protection of confidentiality.

10 (2) Notwithstanding any other law, Section 1461 shall apply to  
11 hearings on reports of hospital medical audit or quality assurance  
12 committees.

13 (k) (1) Transfer by the county to the authority, or by the  
14 governing board to the authority, of the maintenance, operation,  
15 and management or ownership of the medical center or the other  
16 health care facility, respectively, whether or not the transfer  
17 includes the surrendering by the county or the governing board of  
18 an existing general acute care hospital license and corresponding  
19 application for a change of ownership of the license, shall not  
20 affect the eligibility of the county or the governing board to  
21 undertake, and shall authorize the authority, subject to applicable  
22 requirements, to do, any of the following:

23 (A) With the written consent of the county, participate in and  
24 receive allocations pursuant to the California Health Care for  
25 Indigents Program pursuant to Chapter 5 (commencing with  
26 Section 16940) of Part 4.7 of Division 9 of the Welfare and  
27 Institutions Code, or similar programs, as may be identified or  
28 earmarked by the county for indigent health care services of the  
29 type provided by the medical center.

30 (B) With the written consent of the county, participate in and  
31 receive allocations of local revenue fund amounts provided  
32 pursuant to Chapter 6 (commencing with Section 17600) of Part  
33 5 of Division 9 of the Welfare and Institutions Code as may be  
34 identified or earmarked by the county for indigent health care  
35 services of the type provided by the medical center.

36 (C) Participate in the financing of, and receive, Medicaid  
37 disproportionate share hospital payments available to a county  
38 hospital or designated public hospital, or any other successor or  
39 modified payment or funding that is intended to assist hospitals  
40 that serve a disproportionate share of low-income patients with

1 special needs. The allocation of Medicaid disproportionate share  
2 hospital payments shall be made in consultation with the State  
3 Department of Health Care Services and other designated safety  
4 net hospitals.

5 (D) Participate in the financing of, and receive, Medi-Cal  
6 supplemental reimbursements, including, but not limited to,  
7 payments made pursuant to Sections 14105.96, 14105.965,  
8 14166.4, and 14182.15 of the Welfare and Institutions Code,  
9 payments described in paragraph (4) of subdivision (b) of Section  
10 14301.4 of the Welfare and Institutions Code, and payments made  
11 available to a county provider or designated public hospital, or  
12 governmental entity with which it is affiliated, under any other  
13 successor or modified Medicaid payment system.

14 (E) Participate in the financing of, and receive, safety net care  
15 pool funding, stabilization funding, delivery system reform  
16 incentive pool payments, and any other funding available to a  
17 county provider or designated public hospital, or governmental  
18 entities with which it is affiliated under the Medicaid demonstration  
19 project authorized pursuant to Article 5.2 (commencing with  
20 Section 14166) and Article 5.4 (commencing with Section 14180)  
21 of Chapter 7 of Part 3 of Division 9 of the Welfare and Institutions  
22 Code, or under any other successor or modified Medicaid  
23 demonstration project or Medicaid payment system. The allocation  
24 of safety net care pool funds shall be made in consultation with  
25 the State Department of Health Care Services and other designated  
26 safety net hospitals.

27 (F) Participate in the financing, administration, and provision  
28 of services under the Low Income Health Program authorized  
29 pursuant to Part 3.6 (commencing with Section 15909) of Division  
30 9 of the Welfare and Institutions Code, or under any other successor  
31 or modified Medicaid demonstration project or Medicaid payment  
32 system if the authority enters into an agreement with the county  
33 concerning the provision of services by, and payment for these  
34 services to, the county.

35 (G) Participate in and receive direct grant and payment  
36 allocations pursuant to Article 5.228 (commencing with Section  
37 14169.1) of Chapter 7 of Part 3 of Division 9 of the Welfare and  
38 Institutions Code, or under any other successor or modified direct  
39 grant and payment systems funded by hospital or other provider  
40 fee assessments.

(H) Receive Medi-Cal capital supplements pursuant to Section 14085.5 of the Welfare and Institutions Code. Notwithstanding any other law, supplemental payments shall be made to the medical center under Section 14085.5 of the Welfare and Institutions Code for the debt service costs incurred by the county, and, if applicable, by the authority to the extent that debt service responsibility is refinanced, transferred to, or otherwise assumed by, directly or indirectly, the authority.

(I) Receive any other funds that would otherwise be available to a county provider or designated public hospital, or governmental entity with which it is affiliated.

(2) A transfer described in paragraph (1) shall not otherwise disqualify the county or the governing board, or in the case of a change in license ownership, the authority, from participating in any of the following:

(A) Local, state, and federal funding sources either specific to county or district hospitals, county or district ambulatory care clinics, designated public hospitals, or government entities with which they are affiliated, for which there are special provisions specific to those hospitals, ambulatory care clinics, or government entities.

(B) Funding programs in which the county or the governing board, by themselves or on behalf of the medical center or the other health care facility, respectively, had participated prior to the creation of the authority, or would otherwise be qualified to participate in had the authority not been created, and the maintenance, operation, and management or ownership of the medical center and the other health care facility not been transferred by the county and the governing board to the authority pursuant to this chapter.

(l) The authority, the county, and the governing board, or any combination thereof, may engage in marketing, advertising, and promotion of the medical and health care services made available to the community by the authority.

(m) The board of trustees shall have authority over procurement and contracts for the authority. The board of trustees shall adopt written rules, regulations, and procedures with regard to these functions. Contracts by and between the authority and a public agency, and contracts by and between the authority and providers of health care, goods, or services, may be let on a nonbid basis and



1 shall be exempt from Chapter 2 (commencing with Section 10290)  
2 of Part 2 of Division 2 of the Public Contract Code.  
3 Notwithstanding any other provision of this section, the authority  
4 shall not subcontract work performed by classifications represented  
5 by employee organizations without mutual agreement between the  
6 authority and the exclusive representatives, except that a  
7 subcontract entered into prior to the formation of the authority  
8 may remain in effect until its termination or completion and may  
9 be modified or renewed to a later termination or completion date  
10 upon agreement between the authority and the exclusive  
11 representatives of the affected classifications.

12 (n) The authority shall be responsible for human resource  
13 functions, including, but not limited to, position classification,  
14 compensation, recruitment, selection, hiring, discipline,  
15 termination, grievance, equal opportunity, performance  
16 management, probationary periods, training, promotion, and  
17 maintenance of records. The board of trustees shall adopt written  
18 rules, regulations, and procedures with regard to these functions.  
19 Until the time that the board of trustees adopts its own rules,  
20 regulations, or procedures with regard to these functions, the  
21 existing rules, regulations, and procedures set forth in any  
22 memorandum of understanding described in paragraph (3) of  
23 subdivision (d) of Section 101852.2 shall apply. If the memoranda  
24 do not provide for the exercise of these functions, the rules,  
25 regulations, and procedures of the county shall apply.

26 (o) The authority may contract with the county or the governing  
27 board for services and personnel upon mutually agreeable terms.

28 (p) Notwithstanding Article 4.7 (commencing with Section  
29 1125) of Chapter 1 of Division 4 of Title 1 of the Government  
30 Code, related to incompatible activities, a member of the  
31 authority's administrative staff shall not be considered to be  
32 engaged in activities inconsistent and incompatible with his or her  
33 duties as a result of prior employment or affiliation with the county  
34 or the governing board.

35 (q) The board of trustees and the officers and employees of the  
36 authority are public employees for purposes of Division 3.6  
37 (commencing with Section 810) of Title 1 of the Government  
38 Code, relating to claims and actions against public entities and  
39 public employees, and shall be protected by the immunities  
40 applicable to public entities and public employees governed by

1 Part 2 (commencing with Section 814) of Division 3.6 of Title 1  
2 of the Government Code, except as provided by other statutes or  
3 regulations that apply expressly to the authority.

4 (r) Except for Part 3 (commencing with Section 20000) of  
5 Division 5 of Title 2 of the Government Code, this chapter shall  
6 prevail over any inconsistent statutes governing employees of the  
7 authority, including, but not limited to, the Meyers-Milias-Brown  
8 Act (Chapter 10 (commencing with Section 3500) of Division 1  
9 of Title 1 of the Government Code).

10 101852.6. The board of trustees may find and declare that the  
11 authority shall cease to exist. In that event, the board of trustees  
12 shall provide for the disposition of the authority's assets,  
13 obligations, and liabilities. Absent written agreement, the county  
14 shall not be obligated under any law to assume the authority's  
15 obligations or liabilities, or take title to, or custody or control of,  
16 the authority's assets. Upon notification by the authority of the  
17 disposition of the authority's assets and liabilities, the board of  
18 supervisors shall rescind the ordinance that established the  
19 authority, and the authority shall cease to exist on the date set forth  
20 in the rescinding ordinance.